

Congress of the United States  
Washington, DC 20515

801

October 2, 2017

The Honorable Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, D.C. 20554

Dear Chairman Pai:

We write to request that the Federal Communications Commission (FCC) take action to address the budget shortfall in certain parts of the High-Cost Universal Service Fund (USF). As outlined in a letter sent to you last May by 160 Members of Congress, this lack of sufficient funding puts the rural communities that we represent at a significant disadvantage.

The annual budget instructions through which the High-Cost USF is funded have not been fully utilized since their implementation in 2011. Despite the appearance of surplus funds in the overall budget in prior years, the Rate of Return (ROR) carriers that benefit from High-Cost USF programs have been subject to strict and separate budget caps under actual cost recovery mechanisms and cost model support. These caps limit broadband infrastructure investments in nearly 40 percent of rural America.

Pending comprehensive FCC review or adjustment of the High-Cost USF budget instructions, we strongly urge you to maintain level collections from telecommunications companies into the future. To the extent that the collected sum exceeds High-Cost USF spending obligations at the time, the FCC should directly apply funds to help mitigate or neutralize the budget constraints applied to these smaller, rural operators.

While it is currently unclear how funds that exceed High-Cost USF spending may be obligated under existing budget instructions, their continued collection has the potential to help provide rural communities with comparable broadband services for comparable rates relative to urban areas. In doing so, the country will move closer to the fund's stated mission to provide all Americans with "accessible, affordable, and pervasive high-speed connectivity."

Thank you for considering our request. We look forward to working with you to ensure that the "digital divide" does not exclude millions of rural Americans from the services that they, and our economy, depend on.

Sincerely,



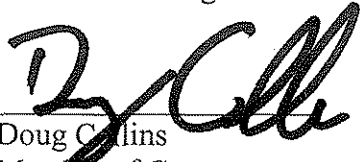
Collin C. Peterson  
Member of Congress



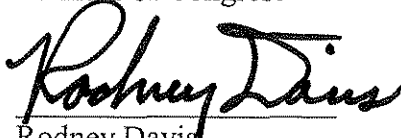
Kevin Cramer  
Member of Congress



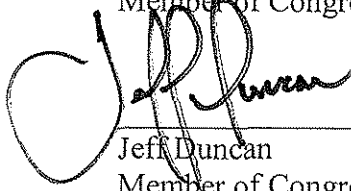
Mike Bost  
Member of Congress



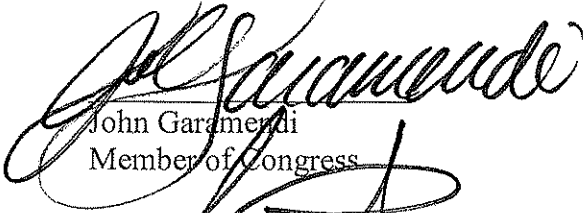
Doug Collins  
Member of Congress



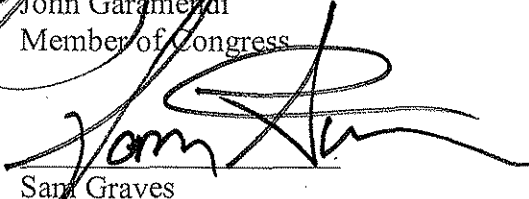
Rodney Davis  
Member of Congress



Jeff Duncan  
Member of Congress



John Garamendi  
Member of Congress



Sam Graves  
Member of Congress



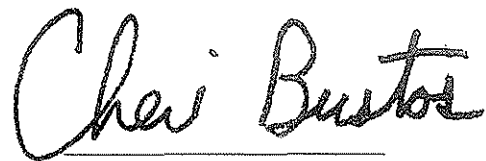
Vicky Hartzler  
Member of Congress



Ron Kind  
Member of Congress



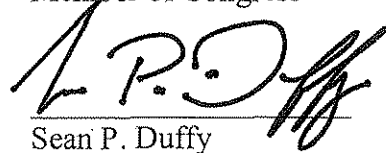
Adam Kinzinger  
Member of Congress



Cheri Bustos  
Member of Congress



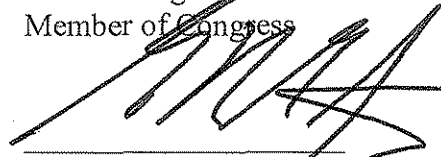
Rick Crawford  
Member of Congress



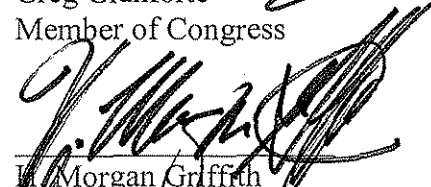
Sean P. Duffy  
Member of Congress



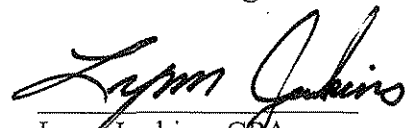
Mike Gallagher  
Member of Congress



Greg Gianforte  
Member of Congress



Morgan Griffith  
Member of Congress



Lynn Jenkins, CPA  
Member of Congress



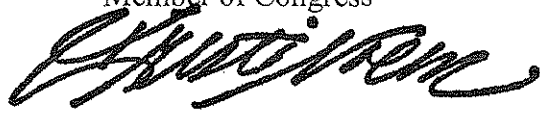
Steve King  
Member of Congress



Dave Loebsack  
Member of Congress

  
Roger W. Marshall

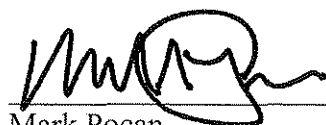
Member of Congress



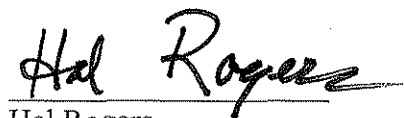
Kristi Noem  
Member of Congress



Steve Pearce  
Member of Congress



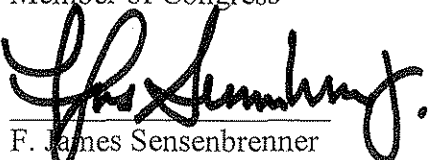
Mark Pocan  
Member of Congress



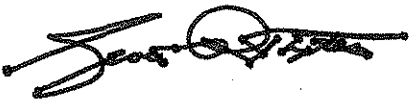
Hal Rogers  
Member of Congress



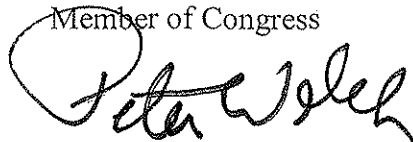
Steve Russell  
Member of Congress



F. James Sensenbrenner  
Member of Congress



Scott Tipton  
Member of Congress



Peter Welch  
Member of Congress



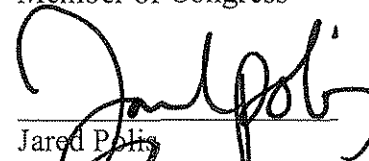
Markwayne Mullin  
Member of Congress



Rick Nolan  
Member of Congress



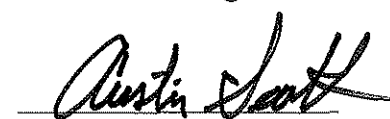
Chellie Pingree  
Member of Congress



Jared Polis  
Member of Congress



Todd Rokita  
Member of Congress



Austin Scott  
Member of Congress



Lamar Smith  
Member of Congress



Nydia Velazquez  
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

OFFICE OF  
THE CHAIRMAN

The Honorable Mike Bost  
U.S. House of Representatives  
1440 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Bost:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies – not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission's 2016 Rate-of-Return Order – which I did not support – has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the Order complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

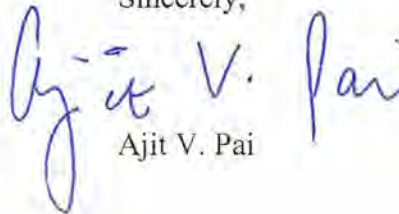
Nor, as I predicted in my dissent to that Order, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. It has become clear, as my colleagues and I have worked our way through the so-called punch list of lingering issues from the 2016 Order, that more fundamental reforms are needed. The statute directs that universal service

support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism – such as guaranteeing at least some minimum level of support to ease the unpredictability and allow reasonable capital planning – while being mindful of mitigating incentives to operate inefficiently.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

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Ajit V. Pai





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

OFFICE OF  
THE CHAIRMAN

The Honorable Cheri Bustos  
U.S. House of Representatives  
1009 Longworth House Office Building  
Washington, D.C. 20515

Dear Congresswoman Bustos:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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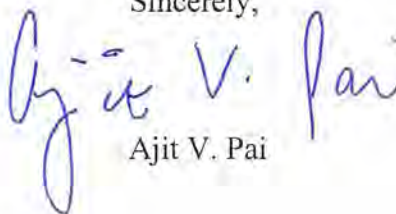
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Doug Collins  
U.S. House of Representatives  
1504 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Collins:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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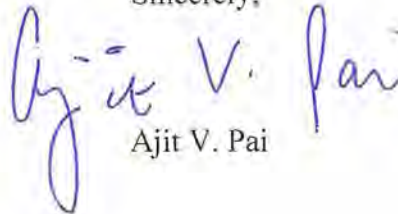


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Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable John Cornyn  
United States Senate  
517 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Cornyn:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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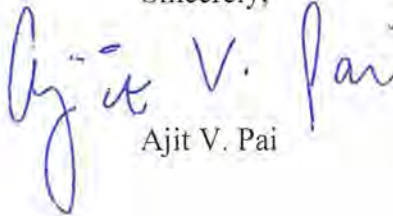
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Ajit V. Pai





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

OFFICE OF  
THE CHAIRMAN

The Honorable Kevin Cramer  
U.S. House of Representatives  
1717 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Cramer:

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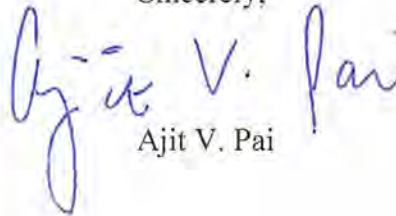


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Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Rick Crawford  
U.S. House of Representatives  
2422 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Crawford:

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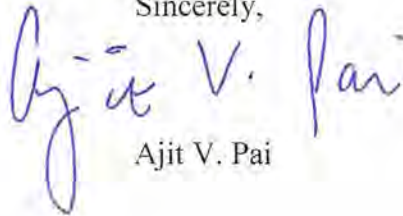
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Ajit V. Pai





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

OFFICE OF  
THE CHAIRMAN

The Honorable Rodney Davis  
U.S. House of Representatives  
1740 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Davis:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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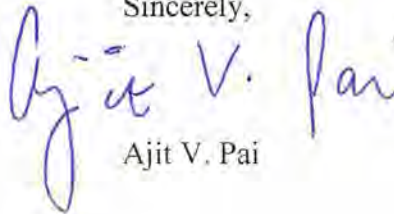


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For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism – such as guaranteeing at least some minimum level of support to ease the unpredictability and allow reasonable capital planning – while being mindful of mitigating incentives to operate inefficiently.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

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Ajit V. Pai



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Sean P. Duffy  
U.S. House of Representatives  
2330 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Duffy:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies – not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission's 2016 Rate-of-Return Order – which I did not support – has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the Order complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

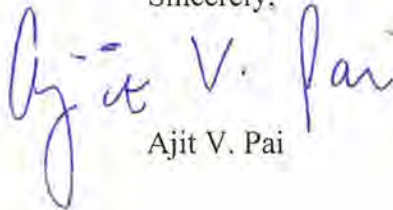
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Ajit V. Pai





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Jeff Duncan  
U.S. House of Representatives  
2229 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Duncan:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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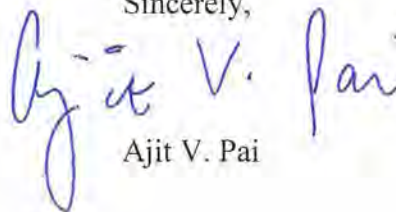


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Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

OFFICE OF  
THE CHAIRMAN

The Honorable Mike Gallagher  
U.S. House of Representatives  
1007 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Gallagher:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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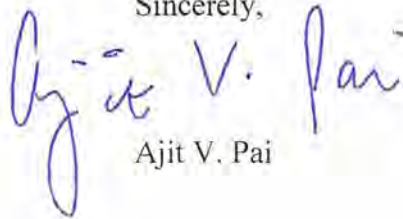
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable John Garamendi  
U.S. House of Representatives  
2438 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Garamendi:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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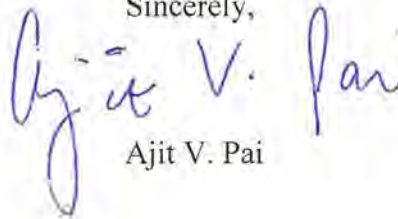


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Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Sam Graves  
U.S. House of Representatives  
1135 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Graves:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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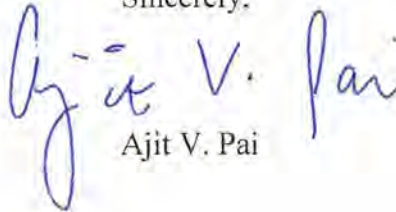
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Morgan Griffith  
U.S. House of Representatives  
2202 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Griffith:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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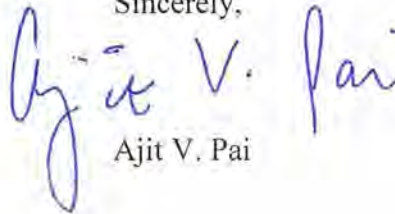
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Vicky Hartzler  
U.S. House of Representatives  
2235 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Hartzler:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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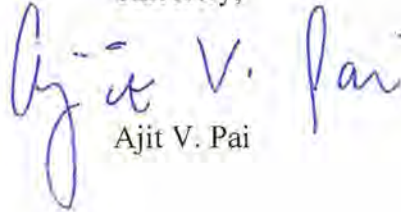


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Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Lynn Jenkins  
U.S. House of Representatives  
1526 Longworth House Office Building  
Washington, D.C. 20515

Dear Congresswoman Jenkins:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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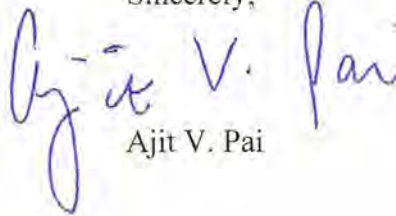
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Ron Kind  
U.S. House of Representatives  
1502 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Kind:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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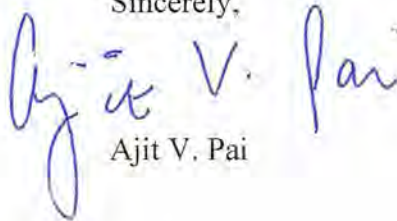
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Steve King  
U.S. House of Representatives  
2210 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman King:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies – not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission's 2016 Rate-of-Return Order – which I did not support – has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the Order complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that Order, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. It has become clear, as my colleagues and I have worked our way through the so-called punch list of lingering issues from the 2016 Order, that more fundamental reforms are needed. The statute directs that universal service

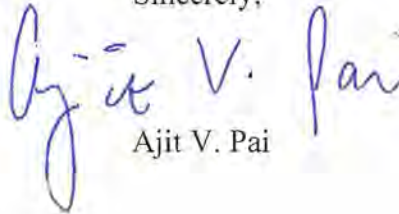


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For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism – such as guaranteeing at least some minimum level of support to ease the unpredictability and allow reasonable capital planning – while being mindful of mitigating incentives to operate inefficiently.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

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Ajit V. Pai



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Adam Kinzinger  
U.S. House of Representatives  
2245 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Kinzinger:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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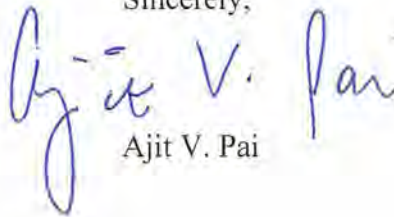
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Ajit V. Pai





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

OFFICE OF  
THE CHAIRMAN

The Honorable Dave Loebsack  
U.S. House of Representatives  
1527 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Loebsack:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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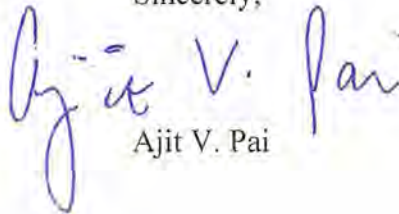
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Roger Marshall  
U.S. House of Representatives  
312 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Marshall:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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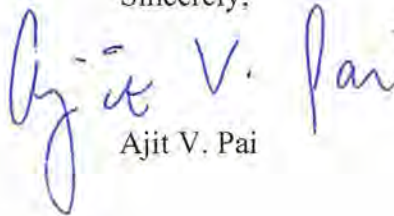


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Ajit V. Pai



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Markwayne Mullin  
U.S. House of Representatives  
1113 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Mullin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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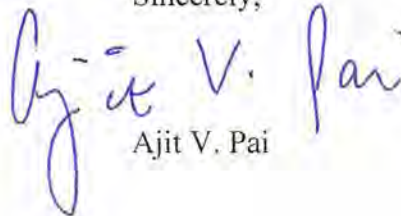
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Kristi Noem  
U.S. House of Representatives  
2457 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Noem:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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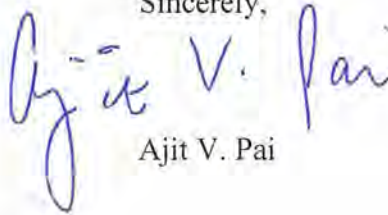
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Rick Nolan  
U.S. House of Representatives  
2366 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Nolan:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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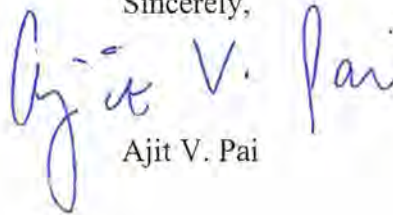


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Ajit V. Pai



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Steve Pearce  
U.S. House of Representatives  
2432 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Pearce:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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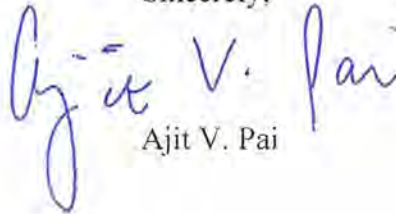
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Ajit V. Pai





OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Collin C. Peterson  
U.S. House of Representatives  
2204 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Peterson:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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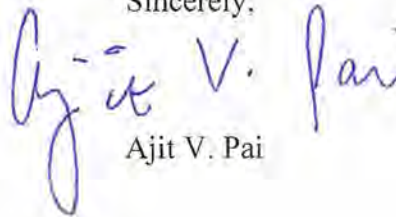
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Chellie Pingree  
U.S. House of Representatives  
2162 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Pingree:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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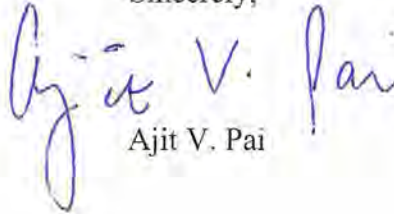


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I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

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Ajit V. Pai



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Mark Pocan  
U.S. House of Representatives  
1421 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Pocan:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies – not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

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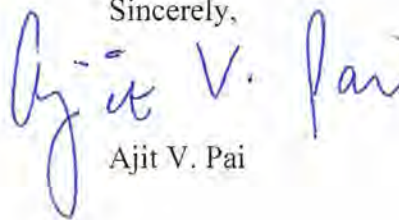
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Jared Polis  
U.S. House of Representatives  
1727 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Polis:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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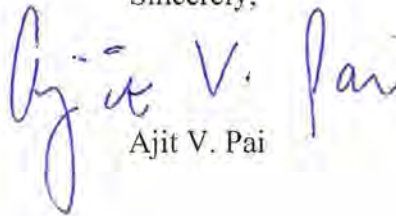
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Harold Rogers  
U.S. House of Representatives  
2406 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Rogers:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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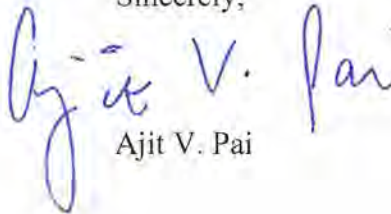


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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 24, 2017

The Honorable Todd Rokita  
U.S. House of Representatives  
2439 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Rokita:

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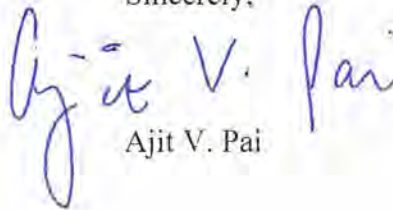
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Steve Russell  
U.S. House of Representatives  
128 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Russell:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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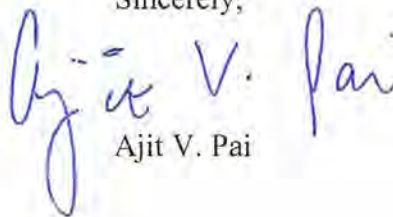
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Austin Scott  
U.S. House of Representatives  
2417 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Scott:

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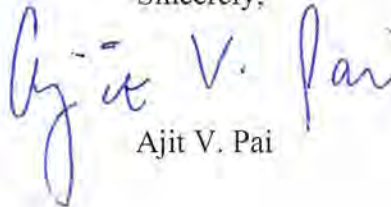


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Ajit V. Pai



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Jim Sensenbrenner  
U.S. House of Representatives  
2449 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Sensenbrenner:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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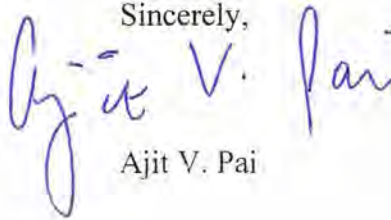
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Lamar Smith  
U.S. House of Representatives  
2409 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Smith:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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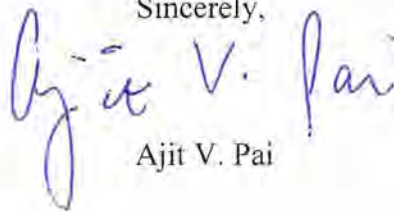
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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Scott Tipton  
U.S. House of Representatives  
218 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Tipton:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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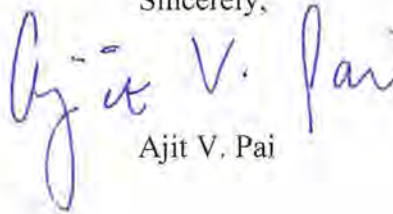


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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 24, 2017

The Honorable Nydia M. Velazquez  
U.S. House of Representatives  
2302 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Velazquez:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies – not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission's 2016 Rate-of-Return Order – which I did not support – has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the Order complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

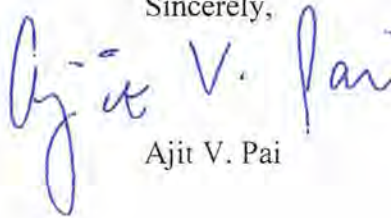
Nor, as I predicted in my dissent to that Order, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. It has become clear, as my colleagues and I have worked our way through the so-called punch list of lingering issues from the 2016 Order, that more fundamental reforms are needed. The statute directs that universal service

support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism – such as guaranteeing at least some minimum level of support to ease the unpredictability and allow reasonable capital planning – while being mindful of mitigating incentives to operate inefficiently.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai





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The Honorable Peter Welch  
U.S. House of Representatives  
2303 Rayburn House Office Building  
Washington, D.C. 20515

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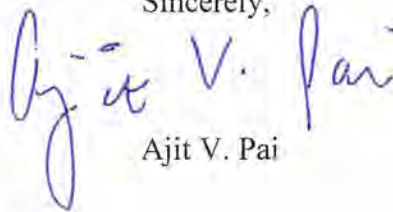
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